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# Republican Policy Committee

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## The Balanced Budget Act's MediGrant Plan: Flexibility for States, Savings for Taxpayers

- **Medicaid is the single fastest-growing entitlement in both the federal and state budgets.** Federal Medicaid spending has more than doubled in just the past four years, from \$41 billion in 1990 to an estimated \$83 billion in 1994 (the most recent year for which actual figures are available); without reform the Congressional Budget Office has projected that Medicaid costs will nearly double yet again by the year 2002.
- A study earlier this year by Wharton Economics Forecasting Associates estimated that between 1995 and 2002, if no reforms are enacted, states will have to spend \$688 billion of their own money on Medicaid; without reform, by the year 2002, the states will have witnessed an increase in Medicaid spending of **225 percent** over the 12-year period between 1990-2002.

### Taxpayers in certain states will be particularly hard hit if Medicaid isn't reformed

- **California** will need to raise \$21.5 billion in new revenues or in budget cuts to pay its share of uncontrolled Medicaid growth between 1996 and 2002; **New York** will need to raise \$20 billion (\$10 billion of it in the form of local property taxes, because of New York's unique Medicaid funding method, which relies on local contributions of 50%); **Florida**, \$15.2 billion; **Pennsylvania**, \$13.7 billion; and **Texas**, \$8.6 billion.

### Enhanced federal assistance to the states for care of illegal aliens

- The MediGrant proposal establishes a special, \$3.5 billion fund to help the states pay costs of Medicare care for illegal aliens.

### The New MediGrant Program

The House-Senate Conference proposal transforms Medicaid to MediGrant, a unique new program which gives the states more money to deliver health care to the poor, and greater flexibility to do so in the most cost-effective way possible. MediGrant saves \$164 billion over seven years, reining in the fastest growing federal entitlement.

- **Slowing the Rate of Growth:** The House-Senate proposal gives the states \$787 billion in MediGrant assistance over the next 7 years, an amount roughly equal to